

Statement of Walter B. McCormick, Jr.
President and CEO of the United States Telecom Association
To the Telecom and Antitrust Task Force of the
House Committee on the Judiciary
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Mr. Chairman, and members of the Committee, I am Walter McCormick, president and CEO of the United States Telecom Association (USTelecom). I appreciate the opportunity to appear before this task force to discuss net neutrality.

USTelecom, as you know, represents more than 1,200 innovative companies ranging from the smallest rural telecoms in the nation to some of the largest corporations in the U.S. economy.

Our companies have a 100-year tradition of connecting people to each other over networks. We are 100% committed to continuing this tradition as we invest billions of dollars—nearly \$15 billion in 2006 alone—building out new, next-generation broadband networks capable of meeting America’s rapidly increasing ‘need for speed.’

Today, I make the same commitment to you that our member companies make to their customers: We will not block, impair, or degrade content, applications, or services.

If you can go there today on the Internet, you can go there tomorrow. The functionality you have today, you will have tomorrow.

For more than a century our businesses have connected customers with those *they* choose. If a consumer wants to call Sears, we don’t connect them with Macy’s.

The FCC has made it abundantly clear that it will move swiftly to protect consumers’ right to be in control of their Internet experience.

But more fundamentally, consumers’ Internet experience is today unimpeded—in the absence of virtually any regulation of the Internet—because there exists a powerful consumer mandate for Internet freedom.

In a new communications era defined by multiple choices—numerous communications pathways—consumers simply will not continue to purchase service from a provider that seeks to block or restrict their Internet access.

When consumers have choices in the marketplace, consumers have control. There is vigorous competition between DSL, cable modem, wireless, satellite, and other Internet access providers. In some areas, free Wi-Fi access is available. In others, access over powerline is available. This results in numerous benefits to consumers...including DSL prices as low as \$12.99/month. These benefits, of course, contribute to the FCC's recent announcement of a 60% year-over-year increase in U.S. broadband subscriptions—which is good news for our nation's global competitiveness.

But continued progress...continued technology advancements...continued expansion of consumer communications and entertainment choices...rests on continued investment in these next-generation networks.

Mr. Chairman, the Internet exists today on networks. That is, in fact, what the Internet is—networks interconnecting with other networks. Have network operators sought to control or restrict the Internet? No. Our companies have invested, grown, and increased the scale and scope of the Internet. And, we have sought public policy that encourages increased investment in networks that will make the Internet even more robust tomorrow than it is today.

The next-generation Internet holds virtually unlimited promise to enhance our nation's economic opportunities and quality of life. It will deliver not only movies and entertainment, but telemedicine advancements that can improve the accessibility, affordability and quality of health care, particularly in rural communities ... telecommuting opportunities that can enhance our environment, reduce America's dependence on foreign oil and give us more time with our families ... educational advancements that make a range of learning opportunities widely accessible ... and other innovations that our best minds have yet to imagine.

To take this next step in the Internet's evolution requires vast investment in new networks with substantial bandwidth capacity. These networks will require multi-billion-dollar investments that must be paid for by someone.

All sides of the net neutrality debate agree that consumers should be in control of their Internet experience. Where we differ: is on whether

consumers alone should foot the bill for the advanced networks that drive the Internet's growth and evolution. Our side believes that businesses that seek to profit on the use of next-generation networks should not be free of all costs associated with the increased capacity that is required for delivery of the advanced services and applications they seek to market.

If you want more, then you pay more, is as American as it comes. It is a straightforward market proposition. As companies move into live video and gaming and advanced services, they will be seeking more bandwidth.

If an online movie service wanted to purchase that additional bandwidth capacity to speed movie downloads for those of its customers who do not opt for a higher bandwidth service, is this not good news for the consumer?

If this allows a consumer on a fixed income to buy a lower-cost Internet service and the movie service to pay for the bandwidth boost needed to download the occasional movie—how is this not an attractive choice to offer consumers in the marketplace? Why should public policy pre-empt it?

Consumers' online habits are very diverse. Consumers don't need the government mandating a 'one size fits all' approach. What we all want are choices. Our companies want to deliver these choices to consumers as well as to companies whose business model requires exceptional amounts of bandwidth. We will deliver these choices to the marketplace, so long as public policy encourages investment in the advanced networks that make them possible.

Should Congress limit the ability of Internet access providers to differentiate among different streams of information traveling over their networks?

We believe such action would be premature and could trigger substantial, negative unintended consequences. The Internet is the success it is today because the government has maintained a vigilant, hands-off approach that has allowed companies to innovate in direct response to the evolving wants and needs of their customers. Regulatory or legislative solutions wholly without justification in marketplace activities would stifle, not enhance the Internet. Laws can be inflexible and difficult to fine-tune—particularly when applied to technologies that are rapidly evolving.

Instead of new laws, we believe in the discipline of the marketplace – customers voting with their dollars – alongside the continued, proven vigilance of the FCC.

Mr. Chairman, bandwidth is a finite resource. If you have spent any time on the Internet, you have likely experienced this. Some days the pages load faster than other days. This has nothing to do with management of the Internet. It's supply and demand—which is exactly why we need to ensure U.S. policy encourages vigorous investment in continually upgrading network capacity.

One visionary technologist recently compared the Internet to a Los Angeles freeway:

“Traffic jams happen,” he wrote. “The more we upload and download and share:

- standard definition video,
- high definition video,
- home movies, and
- multiple megabit photos,

the more bandwidth we consume. The more PCs and servers we backup online... the more bandwidth we consume. The more bandwidth we consume, the more Internet traffic jams we have. The more Internet traffic jams we have, the worse our Internet applications perform.”

Internet traffic is multiplying. Network traffic is now growing about 100 percent annually. Further acceleration is expected soon. Cisco CEO John Chambers predicts broadband video and other bandwidth-intensive applications will drive a four-fold to six-fold increase in network traffic over the next decade.

The answer is investment, not legislation that would discourage it.

Congress has an important role in promoting competition. It should facilitate investment in next-generation broadband, investment from across today's competitive landscape, along the lines of legislation now being developed by the Energy & Commerce Committee. We appreciate the vigilance of this Task Force and look forward to our continued work together.